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Internal audit and oversight

United Nations Office for Project Services accountability framework and oversight policies*

Summary

Pursuant to decision 2008/13, adopted by the Executive Board at its annual session in June 2008, the Executive Director is pleased to submit a revised draft of the accountability framework and oversight policies of the United Nations Office for Project Services (UNOPS) for consideration and approval by the Executive Board.

In accordance with the guidance provided by the Executive Board, the Executive Director wishes to stress the close linkages among the UNOPS accountability framework; the business strategy; the administrative policies and procedures relating to oversight and personal accountability; and the steps taken to improve the measurement of results and impact, monitoring and transparency in reporting. Furthermore, UNOPS has made efforts to comply with the request of the Executive Board to ensure coordination and harmonization with UNDP and UNFPA.

Elements of a decision

The Executive Board may wish to approve the UNOPS accountability framework and oversight policies set out in the present report.

*The compilation of data required to provide the Executive Board with the most current information has delayed submission of the present report.

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Contents

Introduction 3

I. Accountability and oversight developments in UNOPS 3

II. UNOPS accountability framework 5

A. Definitions 5

B. Purpose and scope 7

C. Principles of the UNOPS accountability framework 8

D. Roles and responsibilities 8

E. Attributes of effective oversight 12

F. Approval of the policy and amendments 14

Introduction

1. The present report was drafted pursuant to Executive Board decision 2008/5 and revised in accordance with decision 2008/13. The framework seeks to strengthen UNOPS accountability, risk management and assurance processes. While establishing basic principles, the policy also defines specific terms and concepts (as requested in decision 2008/5), including accountability and transparency, as well as modalities of disclosure and confidentiality in the management of UNOPS operational activities. The accountability framework describes the roles and responsibilities of the various parties and the resulting synergies that could enhance UNOPS oversight mechanisms. Special emphasis was placed on ensuring coordination and harmonization with UNDP and UNFPA, as per decision 2008/13.

2. The UNOPS accountability framework takes into account General Assembly resolution 62/208 on the triennial comprehensive policy review of operational activities for development of the United Nations system; resolution 60/1 on the 2005 World Summit Outcome; resolution 61/245 on the comprehensive review of governance and oversight in the United Nations, programmes and specialized agencies; and other pertinent decisions and resolutions regarding the strengthening of accountability and ethics in the United Nations system.

I. Accountability and oversight developments in UNOPS

3. The compliance function has traditionally been associated with legislative and financial accountability. The scope of oversight has grown over time to address controls regarding aspects of risk, relevance, effectiveness, efficiency and impact of operations. Oversight comprises a set of activities in which internal and external bodies assure the Executive Director, the Executive Board and other concerned parties that reliable, cost-effective systems of internal controls are in place to ensure that:

(a) The activities of UNOPS are in accordance with its legislative mandate and with the policies adopted by the General Assembly, the Economic and Social Council and the Executive Board (organizational accountability);

(b) The funds provided to UNOPS are fully accounted for and used in compliance with project agreements (financial accountability);

(c) UNOPS activities are conducted in the most efficient and effective manner, and programme overlaps, duplications and the inefficient use of resources are avoided (operational accountability); and

(d) Staff and other officials adhere to standards of professionalism and ethics (individual accountability).

4. During both 2006-2007 and the current biennium, UNOPS made significant progress in the areas of accountability, assurance, risk management, internal controls, and fraud prevention.

5. UNOPS established the independent Strategy and Audit Advisory Committee to provide independent, senior-level advice to the Executive Director regarding the strategic, business and audit objectives of the organization. The terms of reference for the Strategy and Audit Advisory Committee are included as annex 1 to the present report on the Executive Board web page.

6. The introduction of a charter for the UNOPS Internal Audit Office ensures greater accountability and better assurance at UNOPS. The charter of the Internal

Audit Office is included as annex 2 to the present report on the Executive Board web page. To strengthen risk management capacity, UNOPS has also: (a) adopted a risk-based audit work plan targeting strategic, high-risk areas for audit; (b) introduced computer-based audit techniques; and (c) attained greater standardization and harmonization of work practices. The internal audit work plan for 2008 is included as annex 3 to the present report on the Executive Board web page.

7. UNOPS has developed anti-fraud initiatives and has adopted the 'whistleblower' policy of the United Nations against retaliation for reporting wrongdoing. Specifically, UNOPS has implemented a fraud hotline, which allows direct access to the UNOPS Ethics Officer at a secure email address or a secure telephone number. The fraud hotline and code of ethics are included as annex 4 to the present report on the Executive Board web page. The Internal Audit Office has also adopted the International Standards for the Professional Practice of Internal Auditing, in accordance with the professional practices framework prescribed by the Institute of Internal Auditors.

8. UNOPS recently implemented a 'balanced scorecard' programme. The balanced scorecard is a performance-based, strategic management tool that provides stakeholders with a comprehensive indication of how the organization is progressing towards its strategic goals. The balanced scorecard helps define the actions needed to achieve desired results and fulfil the overarching strategic objective and vision of the organization. Specifically, the balanced scorecard focuses on achieving ten major, corporate, strategic performance objectives that are essential to achieving the accountability framework goals.

9. UNOPS has updated and strengthened its internal control and risk management framework (included as annex 5 to the present report on the Executive Board web page). The purpose of the internal control and risk management framework is to inform every UNOPS staff member of the internal controls instituted at all levels of authority to secure proper performance of his or her duties. Ancillary to the internal control framework is the new, comprehensive delegation of authority for finance officers policy, which clearly details the authorities granted to those UNOPS staff who are required to approve and be held responsible for financial transactions and decisions made within the UNOPS system. The finance delegation of authority for UNOPS is included as annex 6 to the present report on the Executive Board web page.

10. UNOPS has formalized and implemented its cost recovery and pricing policy. The organizational directive on this policy is included as annex 7 to the present report on the Executive Board web page. The policy sets out strategic directives on full-cost recovery relevant to the role of UNOPS as a self-financing entity that requires a specific level of reserves to ensure its viability. The policy contains directives regarding pricing UNOPS services and accounting for costs appropriately with clients and stakeholders. The policy also contains a sound business strategy for remaining competitive in the marketplace and industry occupied by UNOPS. Adherence to this policy is essential for UNOPS management to maintain accountability for costs and ensure that the organization continues to be financially healthy and well managed.

11. UNOPS has procured various business insurance policies as an integral part of its comprehensive risk management (included as annex 8 to the present report on the Executive Board web page). This important initiative helps protect UNOPS from catastrophic losses and uses types of coverage unique to the United Nations system and vital to UNOPS, given the complex nature of the UNOPS business environment. The policies have a retroactive effect (covering the preceding three years) and protect

UNOPS against future risks. The key policies are professional liability insurance (otherwise known as errors and omissions or professional malpractice insurance); directors' and officers' liability insurance; bankers' blanket bond fidelity/crime insurance; and an umbrella, commercial, general liability policy. Collectively, these policies help mitigate the highest potential risks faced by UNOPS in terms of business interruption, crime or litigation from clients and contractors, and ensure prudent fiduciary responsibility and care on the part of UNOPS leadership. To further improve UNOPS preparedness to deal with all types of eventuality, management intends to develop a comprehensive enterprise risk management policy, which will include elements that will ensure business continuity in all operational environments.

12. UNOPS has completed its comprehensive information and communications technology strategy for 2008-2012, which covers all aspects of risk mitigation, cost-effective technology investments and information security, including e-mail and other methods of communication. The strategy, included as annex 9 to the present report on the Executive Board web page, covers cutting-edge technology needs along with business process objectives aligned with the UNOPS strategic plan and leading practices.

13. UNOPS has introduced an individual contractor agreement, an essential tool for its business operations. The agreement helps streamline the hiring process, providing a mechanism to recruit necessary human resources in a more timely fashion, for a limited duration, and with specific scopes of work relevant to UNOPS needs at the field level and at headquarters. The individual contractor agreement is more flexible than previous contract modalities, enabling UNOPS to act faster, increase competitiveness and shift some risks normally associated with hiring regular staff to the individual contractor. The organizational directive concerning the individual contractor agreement is included as annex 10 to the present report on the Executive Board web page.

14. Two cornerstones of accountability for UNOPS activities are its staff performance review system and its contract performance review system. UNOPS has established a comprehensive performance and results assessment programme, and plans to introduce, in the current biennium, project acceptance and contractor performance review policies. Together, these important performance review tools allow qualitative and quantitative evaluation of UNOPS staff output, ensuring that all UNOPS programmes and contracts meet high standards for clients and stakeholders. To further this goal, UNOPS recently promulgated a number of related policies related to human resources. The final versions of recently-approved organizational directives on recruitment, appointment and selection board/panels, gender, staff rotation and succession management, as well as the latest draft of the policy on rewards and sanctions, are included as annex 11 to the present report on the Executive Board web page.

15. The UNOPS accountability framework presented below was prepared in the light of the background, objectives, initiatives and goals outlined above.

II. UNOPS accountability framework

A. Definitions

16. For the purpose of the UNOPS accountability framework, the following definitions will apply:

(a) ***Assurance process*** means an objective examination of evidence for the purpose of providing an independent, objective assessment of risk management, and control or governance processes for the organization. Reasonable assurance means an acceptable and satisfactory level of confidence under given considerations of costs, benefits and risks. The assurance process alone, even when performed with due professional care, does not guarantee that all significant risks will be identified.

(b) ***Accountability*** means the obligation to: (i) demonstrate that work has been conducted in accordance with agreed rules and standards and (ii) report fairly and accurately on performance results vis-à-vis mandated roles and/or plans.

(c) ***Business unit*** means any operation or office that is led by management. These units typically consist of UNOPS headquarters, UNOPS regional offices and UNOPS operations centres;

(d) ***Confidential information*** means:

(i) Information received from or sent to third parties, under an expectation of confidentiality;

(ii) Information whose disclosure is likely to endanger the safety or security of any individual, violate his or her rights or invade his or her privacy;

(iii) Information whose disclosure is likely to endanger the security of Member States or prejudice the security or proper conduct of any operation or activity of the organization;

(iv) Information covered by legal privilege, regulatory proceedings or that could subject the organization to an undue risk of litigation or related to internal audit reports and investigations;

(v) Internal inter-office or intra-office documents, including e-mails and draft documents;

(vi) Commercial information, if disclosure would harm either the financial interests of the organization or those of other parties involved;

(vii) Information which, if disclosed, in the view of the organization, would seriously undermine the policy dialogue with Member States or implementing partners; and

(viii) Other kinds of information which, because of their content or the circumstances of their creation or communication, must be deemed confidential.

(e) ***Control activities*** mean those policies and procedures that are established and implemented to ensure that necessary internal controls are carried out effectively;

(f) ***Independence*** means the necessary conditions of integrity and freedom from interference in determining the scope, performing the functions and communicating the findings of internal audit, evaluation and investigation activities (any independent individual involved in such activities should have an impartial, unbiased attitude and avoid conflict of interest);

(g) ***Internal audit report*** means the final report resulting from an audit signed by the Head of the Internal Audit Office and issued to the Executive Director and the auditees for their consideration and for the implementation of recommendations. A copy of the report is also provided to the United Nations Board of Auditors;

(h) ***Internal control framework*** means all the policies, procedures, monitoring and communication activities, standards of behaviour and other assurance activities designed to ensure orderly, ethical, economical, efficient and effective operations. It consists of five interrelated components: control environment, risk assessment, control activities, information and communications, and monitoring;

(i) ***Internal control*** means a process, directed by the Executive Board and carried out by UNOPS management and other personnel, designed to provide reasonable assurance regarding robust risk management, and increased likelihood of achievement of objectives and goals, aimed at increasing effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations;

(j) ***Management*** means the individuals who control, lead and direct UNOPS or to whom the authority to do so is delegated;

(k) ***Oversight*** means the general process of review, monitoring, evaluation, supervision, reporting and audit of UNOPS programmes, activities, policy implementation and results. This is to ensure organizational, financial, operational and ethical accountability, effective internal controls, and prevention of fraud and malpractice;

(l) ***Transparency*** means a process by which reliable, timely information about existing conditions, decisions and actions relating to UNOPS activities is made accessible, visible and understandable.

B. Purpose and scope

17. The purpose of the accountability framework is to ensure good governance, consider relevant leading practices, create the necessary environment of accountability and transparency in UNOPS, and guarantee that UNOPS business operations are carried out effectively through continuous improvement.

18. The scope of the accountability framework is shaped by the following principles of good governance:

(a) The activities of the organization are fully in accordance with its legislative framework;

(b) Funds provided to the organization are fully accounted for and comply with project and programme agreements;

(c) The activities of the organization are conducted in the most efficient and effective manner, and duplication and inefficient use of resources are avoided;

(d) The staff and all other officials of the organization adhere to the highest standards of professionalism, integrity and ethics;

(e) Investments in oversight mechanisms are based on analysis of the cost of accepting the underlying risks versus the benefit of mitigating those risks.

C. Principles of the UNOPS accountability framework

Application of principles

19. UNOPS execution of oversight functions includes four essential elements which together provide reasonable assurance that UNOPS activities are efficient and effective. They are:

(a) An accountability framework (containing all of the policy documents contained or referred to in the present document) that holds management and staff responsible for the efficiency and effectiveness of UNOPS programmes;

(b) A comprehensive, rigorous and transparent assurance system, including the activities noted in the UNOPS internal audit charter and annual work plan, and to the charter and the activities of UNOPS external auditors in the form of the United Nations Board of Auditors charter; and

(c) UNOPS business oversight processes, such as inspections;, periodic on-site reviews;, programmatic monitoring, surveys and audits that review and evaluate programmes, management systems, and the validity of the on-site assurance system.; These oversight processes are performed through management visits, special reviews, or audits by the Internal Audit Office, as may be prescribed by the Executive Director or a senior manager;

(d) The highest standards of personal integrity. Individuals submit financial disclosure forms, which are independently reviewed for potential conflict of interest or the appearance thereof, according to ethical standards (for the respective organizational directive, see annex 14 on the Executive Board web page).

Legal framework

20. All oversight activities must comply strictly with applicable regulations and rules. The responsibility for oversight is granted on an individual basis and requires delegated authorities to adhere to the relevant portions of the controlling legal instruments. In the case of any inconsistency or ambiguity between them, the instruments must be applied in the following order of priority:

(a) Article 100 of the Charter of the United Nations;

(b) Staff Regulations and Rules of the United Nations and UNOPS;

(c) Financial Regulations and Rules of the United Nations and UNOPS; currently regulations applied "mutatis mutandis" from UNDP regulations of 1998; and

(d) The UNOPS accountability framework.

Delegation of authority

21. As set forth in the UNOPS financial regulations and rules (UNDP regulations of 1998, mutatis mutandis), included as annex 12 to the present report on the Executive Board web page, the Executive Director is accountable to the Secretary-General through the Executive Board for all phases and aspects of UNOPS financial activities. The UNOPS financial regulations and rules provide that the Executive Director may further delegate authority to UNOPS personnel. UNOPS is examining the existing rules closely and will update them as necessary.

D. Roles and responsibilities

22. The oversight roles and responsibilities include those related to assurance and accountability. Effective oversight results from coordinating the respective roles and

responsibilities of: management; the Internal Audit Office; the Strategy and Audit Advisory Committee; the Ethics Officer; the Executive Board; the United Nations Board of Auditors; the United Nations Joint Inspection Unit; the Advisory Committee on Administrative and Budgetary Questions; and the Fifth Committee. Furthermore, the following UNOPS internal committees provide assurance and accountability in specific areas: the Appointment and Selections Panel; the Appointment and Selections Board; and the Headquarters Contracts and Procurement Committee (terms of reference included as annex 13 to the present report on the Executive Board web page).

23. A process of assurance examines and evaluates the adequacy and effectiveness of the bodies responsible for oversight. That process includes the following activities:

(a) Internal audits, investigations and independent evaluations to examine and measure the adequacy and effectiveness of UNOPS processes, structure and controls, providing reasonable assurance that these are functioning as intended;

(b) The Strategy and Audit Advisory Committee assists the Executive Director in fulfilling his/her oversight responsibilities in accordance with relevant leading practices and industry standards. The Executive Director will appoint future members to the Committee after consultation with the Executive Board;

(c) The United Nations Board of Auditors undertakes independent audits of UNOPS and assists the Executive Director and Director of Finance in working towards certification of UNOPS financial statements.

Management

24. Management is responsible for putting in place the system of governance and risk management; the internal control framework; the measurement of performance; and the evaluation of results and impact. It is also responsible for communicating results in a timely, accurate, open and transparent manner.

25. In addition, management is responsible for implementing the UNOPS internal control framework and other applicable policies related to oversight activities. Management is accountable for exercising its oversight role in the particular areas of its responsibility. As part of its evaluation responsibilities, UNOPS management plans, organizes and directs the performance of actions to provide reliable information on the achievement of goals, outcomes, outputs and results, and their impact on intended beneficiaries. Management endeavours to employ, whenever feasible, the leading practices, norms and standards prevailing in the outside world. An example of such standards would be the International Public Sector Accounting Standards, the adoption of which is scheduled by UNOPS management for 2010. All relevant work is harmonized with UNDP, UNFPA and other United Nations partners.

Internal oversight

Internal Audit Office

26. The oversight roles and responsibilities of the Internal Audit Office, including the use of relevant professional standards, are set forth in the Internal Audit Office charter approved by the UNOPS Executive Director. In addition to internal auditing, the oversight services provided by the Internal Audit Office include fraud prevention and detection, investigation, thematic audits and reviews, and advisory services. The Internal Audit Office frequently reports to the Executive Director on its activities and reports annually to the Executive Board.

27. Internal auditing includes examination and evaluation of the adequacy and

effectiveness of UNOPS governance processes, risk management processes, internal controls structure and performance in carrying out assigned responsibilities. These activities are performed so as to provide reasonable assurance to the Executive Director, the Strategy and Audit Advisory Committee and the Executive Board, that the processes are functioning as intended to enable UNOPS to achieve its stated goals and objectives.

28. The scope of fraud prevention and detection includes examination and evaluation of the effectiveness of UNOPS internal controls to prevent and detect fraud. The Internal Audit Office conducts investigations into reports of violations of applicable regulations, rules and administrative or policy directives (unless otherwise directed by the Executive Director and the Strategy and Audit Advisory Committee in cases of conflict of interest).

Strategy and Audit Advisory Committee

29. The Strategy and Audit Advisory Committee was established to provide the Executive Director with external, senior-level advice regarding the strategic, business and audit objectives of the organization. The Committee has an advisory role and is not a governance body. All Committee members are external to the United Nations system and serve on a pro-bono basis.

Ethics Officer

30. The Ethics Officer is appointed by and reports to the Executive Director of UNOPS. The Executive Director will in future appoint the Ethics Officer following consultation with the Executive Board. The Ethics Officer will submit annual reports to the Executive Director. The Executive Director will notify the Executive Board of any important issues raised by the Ethics Officer as they arise, and will forward a summary of the annual report to the Executive Board. UNOPS will vigorously pursue efforts in support of the United Nations code of ethics and towards coordination of ethics standards and policies.

31. The UNOPS Ethics Officer recognizes the authority of the Chief Ethics Officer of the United Nations. All recommendations of the Chief Ethics Officer of the United Nations are binding on UNOPS. The UNOPS Ethics Officer:

(a) Formulates, reviews and disseminates policies, and counsels on ethical issues in accordance with the common standards of conduct prescribed for all United Nations staff members;

(b) Provides guidance to management to ensure that UNOPS policies, procedures and practices reinforce and promote the ethical standards called for under the United Nations Charter;

(c) Raises UNOPS staff awareness about expected ethical standards and behaviour in support of organizational oversight and human resources development policies, strategies and programmes (this includes ensuring that UNOPS staff are aware of whistle-blowing policies and fraud-reporting mechanisms);

(d) Advises staff, in confidence, on ethical behaviour and standards;

(e) Receives and reviews, in accordance with the UNOPS protection policy against retaliation, complaints of retaliation, and refers cases to the relevant units of UNOPS for further investigation where necessary; and

(f) Bears responsibility for the strategic development and implementation of the financial disclosure programme now in place (see annex 14 on the Executive Board web page).

External oversight

The Executive Board

32. The functions of the Executive Board, as delineated in resolution 48/162, are:

(a) To implement the policies formulated by the General Assembly and to effect the coordination and guidance received from the Economic and Social Council;

(b) To receive information from and give guidance to the Executive Director of UNOPS on the work of the organization;

(c) To ensure that the activities and operational strategies of UNOPS are consistent with the overall policy guidance set forth by the General Assembly and the Economic and Social Council, in accordance with their respective responsibilities as set out in the Charter of the United Nations; and

(d) To approve administrative and financial plans and budgets.

33. To facilitate Executive Board oversight, UNOPS will submit the following documents, for review and approval by the Board, at the scheduled intervals indicated below.,

First regular session

Biennial audited financial statements (alternate years: 2009, 2011 and so forth)
Biennial planning and budget framework (alternate years: 2008, 2010 and so forth)

Annual session

Annual report, including financial results for prior year, and, as of 2008, a report on contributions to results
Annual report of the Internal Audit Office and management response

Second regular session

Implementation of the prior biennium audit recommendations of the United Nations Board of Auditors (alternate years: 2008, 2010, and so forth)
Annual statistical report on procurement in the United Nations system

United Nations Board of Auditors

34. The oversight roles and responsibilities of the United Nations Board of Auditors are set forth in General Assembly resolution 74 (1) of 7 December 1946 and in the rules and procedures adopted by the Board of Auditors at its 49th regular session on 30 June-1 July 2005, amended at its 35th special session on 7 December 2005. The mandate of the United Nations Board of Auditors is further defined in Article VII, and annex, of the regulations and rules of the United Nations that apply mutatis mutandis to UNOPS, as set forth in UNOPS financial regulations and rules.

Joint Inspection Unit

35. The oversight roles and responsibilities of the Joint Inspection Unit are set forth in General Assembly resolutions 2150 (XXI) of 4 November 1966 and 2360 (XXII) of 19 December 1967, extended thereafter under General Assembly resolutions 2735 (XXV) A of 17 December 1970 and 2924 (XXVII) B of 24 November 1972.

36. By its resolution 31/192 of 22 December 1976, the General Assembly decided to establish the Joint Inspection Unit as a standing subsidiary organ and approved the statute of the Unit, with effect from 1 January 1978. In its resolution 60/258, the General Assembly reaffirmed the role of the Unit as the only independent

external oversight body of the United Nations system mandated to conduct system-wide evaluations, inspections and investigations.

E. Attributes of effective oversight

37. The commitment of UNOPS staff at all levels to the effectiveness of the accountability framework underpins effective oversight. That implies 'zero tolerance' to fraud, malpractice and abuse of authority, and adherence to the orderly, ethical, economical, efficient and effective conduct inherent in the UNOPS management philosophy, operating style and organizational culture, as defined by the Executive Board and the Executive Director of UNOPS.

Risk assessment and management

38. Management is responsible for continuously monitoring and reviewing changes in the business environment; progress and constraints in achieving results; financial management and reporting; audit findings; and findings from major reviews and evaluations. This analysis should be synthesized into a risk assessment, which will be consistently updated to include new information on the likelihood of risks materializing.

Continuous improvement and lessons learned

39 Oversight processes help to identify ways to make business processes more efficient and effective by improving performance, while advancing the objective of coherence within the United Nations system, in accordance with General Assembly resolution 62/208.

Responsibility and accountability for results

40. All UNOPS personnel are accountable for achieving defined results within their respective areas of work. When UNOPS is entrusted by other entities to implement activities on their behalf, UNOPS assumes responsibility for those activities, and for achieving the expected results, by signing a contractual agreement. Programme managers entering into such contracts are responsible for complying with the terms of their agreements and providing adequate assurances that the contracts are implemented in an effective manner.

Single audit principle

41. As set forth in the report of the Secretary-General (A/48/587) dated 10 November 1993, the United Nations Board of Auditors – the external auditors of UNOPS – is solely responsible for the conduct of external audits of UNOPS. The United Nations Board of Auditors retains the exclusive right to carry out an external audit of the accounts and financial statements of UNOPS, subject to the provisions of Regulation 7.10 of the Financial Regulations and Rules of the United Nations. If special reviews are warranted, the Executive Board, through the Advisory Committee on Administrative and Budgetary Questions, may request the external auditors to carry out specific examinations and issue separate reports on the results.

Financial disclosure

42. In accordance with General Assembly resolution 60/238 of 15 February 2006 on human resources management; UNOPS staff regulations 1.2 (m) and 1.2 (n); and UNOPS organizational directive 23, UNOPS staff members meeting the criteria for disclosure have an obligation to file the proper financial declarations and, if applicable, to file financial disclosure statements. Due to the heavy involvement of UNOPS in procurement and project management, a much larger percentage of personnel (compared to the other agencies, funds and programmes) is subject to

mandatory financial disclosure and, as the case may be, financial disclosure.

Transparency

43. The transparency and independence of the UNOPS Internal Audit Office and the Strategy and Audit Advisory Committee are enhanced by their ability to communicate directly with the Executive Director of UNOPS. The Executive Director may request that the Head of the UNOPS Internal Audit Office have occasional access to the Executive Board, the Strategy and Audit Advisory Committee, the United Nations Board of Auditors, and any other entity having any oversight or governing function with respect to UNOPS.

44. The Head of the Internal Audit Office presents an annual report on internal audit activities, transmitted through the Executive Director, to the Executive Board. Management is responsible for ensuring that responses are prepared for each specific internal and external audit recommendation. Management follows the status of implementation on a regular basis. In addition, management reviews and addresses systemic issues that arise from audit findings using a risk-based approach.

45. Management provides a management response to the annual internal audit report presented to the Executive Board. The management response includes an update on the implementation of internal audit recommendations. The Executive Director may report on the progress made toward the objectives in the balanced scorecard, in conjunction with the UNOPS strategic plan, and may address any important issues in this context.

46. Notwithstanding the above dispositions, the Head of the Internal Audit Office may, in exceptional circumstances, bring reports to the attention of the Executive Board, taking into account the standards and code of ethics contained in the professional practices framework of the Institute of Internal Auditors.

Procedures for disclosure of internal audit reports

47. In accordance with the applicable financial regulations and rules, the Executive Director of UNOPS is fully responsible and accountable to the Executive Board for all phases and aspects of UNOPS activities. Internal audit reports are an essential tool for discharging this responsibility. Internal audit reports fall under the definition of "confidential information" provided in paragraph 16 (d), above. Disclosure of internal audit reports thus represents an exception to the policy, and can only be done in accordance with the procedures outlined in paragraph 48, below, and ensuring that such disclosure will not "seriously undermine the policy dialogue with Member States or implementing partners".

48. The 2007 second regular session of the United Nations System Chief Executives Board for Coordination endorsed the recommendation according to which internal audit reports may be disclosed to a Member State, "respecting the management prerogatives of executive heads and subject to conditions and criteria to be defined within the context of an organization policy that should not be applied retroactively" (CEB/2007/2, paragraph 50). The following procedures should be followed in connection with requests by Member States to view internal audit reports in the context of their oversight responsibility (these procedures will not be applied retroactively and are subject to periodic review):

(a) Internal audit reports may be made available in the office of the Head of the Internal Audit Office for consultation by Member States. This shall occur upon written request confirming full adherence to the procedures for disclosure

of independent audit reports, including the confidentiality pledge, from a Member State to the Executive Director, and stating the purpose of such request. No copies of the internal audit reports shall be made.

(b) Requests from Member States will apply only to internal audit reports finalized by the Internal Audit Office.

(c) The Executive Director will immediately inform the Executive Board of each such request and, if the internal audit report contains findings related to a specific Member State, he/she will also notify the Government concerned of the purpose of the request and subsequent disclosure of the internal audit report.

(d) Internal audit reports are made available for viewing on a voluntary basis and without prejudice to the privileges and immunities of the United Nations, including its subsidiary bodies.

(e) When access to a report would reasonably be deemed inappropriate due to the risk of violating the due process rights or endangering the safety and security of individuals involved in the investigations conducted by the Internal Audit Office or other competent bodies, the report may be redacted, or withheld in extraordinary circumstances, at the discretion of the Head of the Internal Audit Office.

(f) Any information disclosed shall be kept confidential by the requesting party. Queries regarding the internal audit report will be directed to the Head of the Internal Audit Office.

Resources required for effective organizational accountability

49. The annual report on internal audit activities presented by the Head of the Internal Audit Office to the Executive Board will include a section on resources available and required for the implementation of the present accountability framework. The framework is not intended to conflict with the objectives of the various UNOPS standard operating procedures, organizational directives, guidance notes, financial regulations and rules, committee mandates, strategy documents, or other corporate objectives, many of which are referred to herein. UNOPS management and staff are encouraged to report any such conflicts to the Executive Office or the Ethics Officer so that the conflict can be addressed and relevant actions taken to remedy the situation.

F. Approval of the policy and amendments

50. The Executive Director retains overall responsibility for applying the present accountability framework and oversight policies and for initiating amendments, as necessary. The policy will be reviewed periodically, and any amendment to the present policy will be subject to the decision of the Executive Board. This policy forms an integral part of the UNOPS compendium of organizational directives and administrative instructions.